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SUPPLEMENT TO
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Available on loan from the CIA Library is a document entitled, "Foreign Trade Plan for 1949". The document was prepared by the Czechoslovak Ministry of Foreign Trade on the basis of directives from the Central Planning Commission and in consultation with the Ministries of Food and Agriculture, monopoly companies, all central managements, the Ministry of Industry, the Slovak Ministry of Industry, the Union of Industry, and various economic groups. The final plan was approved by the Central Planning Commission. The document gives the bases for planning foreign trade for 1949, analyzes the planned exports and imports by area and item, and estimates surpluses and deficits for 1949 foreign trade. Three tables are included in the document: "Comparison of Estimates and the 1949 Plan for Import", "Comparison of Import" (comparing 1948 and 1949 figures and showing the differences), and "Comparison of Export" (comparing 1948 and 1949 figures and showing the differences).

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Foreign Trade Plan for 1949The task of the foreign trade plan

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The law concerning the Five-Year Plan provides for foreign trade in Paragraph 26 as follows:

"Foreign trade will be organized and directed so as to assure the necessary imports for fulfillment of the assignments set by the Five-Year Plan, to cover the cost of imports by export, and to assure an even balance of payments."

"Foreign trade will be ^{gradually} intensively increased so that its volume in 1953 will be about 40 percent greater than in 1948. In connection with this, the continuous development of the economy and its resistance to crises will be assured by the expansion of commercial contacts, ^{through} especially by the system of economic agreements with ^{especially countries of planned economy} planned-economy states."

The foreign trade plan is a compulsory ^{directive} ~~guiding principle~~ for the control of foreign trade in the sense of the basic provisions of the law concerning the Five-Year Plan.

The fulfillment of the import ~~side of the foreign trade~~ plan is a condition for the fulfillment of all operational production plans; the ^{complete} ~~precise~~ fulfillment of the production plans is in turn a prerequisite for the fulfillment of the export ~~side of the foreign trade~~ plan.

The fulfillment of the foreign trade plan is therefore one of the most important prerequisites for fulfilling the tasks set by the economic plan.

The foreign trade plan ^{differs} ~~is distinguished~~ from other operational plans in that its fulfillment is not exclusively within our power. We deal with the foreign market; therefore the implementation of the

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plan depends on a number of factors beyond our direct control. Therefore this plan will always contain a certain element of uncertainty, particularly in regard to ~~the~~ exports ~~side~~.

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How the plan was compiled

The technique of planning, based on two years' experience in planning and on the fact that the plan ^{has to be carried out by} applies to monopoly companies, ~~it~~ differs distinguished from previous practice in that all statistical items ~~will~~ are ~~is~~ planned, not only as to areas but even down to individual countries. The procedure in planning was as follows:

Estimates were compiled, which we submitted to the Central Planning Commission. On the basis of directives ^{laid down by} ~~which~~ the Central Planning Commission, ~~established for us~~, each individual item of these estimates was discussed with the importer or exporter, the consumer, and the producer; that is, with the Ministries of Food and Agriculture, monopoly companies, with all Central Managements, ^{of industrial enterprises} and the Ministry of Industry, the Slovak Ministry of Industry, the Union of Industry, ^{etc.}, economic groups, and planning commissions. On the basis of this, we arrived at the operational plan for 1949. ^{by elaboration of} ~~the~~ processing of this plan, after preliminary conferences, required major conferences lasting for 30 working days, in which more than 1,000 experts participated; 40,000 individual matters were discussed. We are analyzing this plan below ^{on the basis of this analysis} and are proposing changes ~~in it~~.

Establishment of the estimates

In establishing the estimates, we began with the following ^{objectives} principles:

- a) ^{To increase} Increasing the share of planned-economy states in our foreign trade.
- b) ^{To Equalize} Balancing our ^{balance of payments.} ~~foreign trade.~~

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c) ^{To plan} Planning more realistically, that is, ^{to include} including items in the plan, especially in regard to import, which are not necessary from the standpoint of our planned economy, but which must be imported for commercial ^{and} political reasons (apples, watches, wine, refrigerators, automobiles, etc.).

These estimates were accepted by the Central Planning Commission (3 August 1948, File Number 15266/48 - I/6 K/15) on the condition that the export figures be increased 6½ percent or the import figures be reduced 7 percent in the plan. Moreover, the Central Planning Commission in principle considered the import estimates as maximum and the export estimates as minimum.

Without going into details, it should be mentioned that the individual commissions did not observe these directions; ^{yes} the original estimates of import ^{requirements totaled} claims were 52 billion, ^{yes} and a detailed discussion revealed, ^{yes had been} that the directions ~~were~~ exceeded by about 10 percent.

Table I gives a comparison of the estimates and the plan ^{for} imports for 1949. The estimates which were proposed to the Central Planning Commission are given in the first column of this table; in the second column are the estimates minus 7 percent, calculated on the basis of the above mentioned decision of the Central Planning Commission; and in the third column is the actual plan for 1949. From this it follows that the import plan as compiled is 5,820 million, greater than it should be, if we take the estimates that have been reduced 7 percent into consideration (with the exception of the textile sector, where this 7 percent was not deducted). Table II shows the import plan for 1949 in comparison with the plan for 1948 in individual sectors and areas (Area I - the USSR; II - ^{other} Slavic countries; III - other countries with planned economy, including Austria; IVa - Germany, Soviet zone; IVb - Germany, western zone; V - European ^{with clearing arrangements,} clearing countries, including

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Italy; VI - ^{sterling} pound area; VII - dollar area). Table III contains the similarly compiled export plan, in which the overall trade balance and the balance for individual payment areas are given.

Comparison of import and export

Imports

^{the} Planned imports in 1948 amounted to 40,805,000,000 crowns. We estimate that 37 billion will be realized, which means that ~~the~~ actual imports ^{has} been reduced by about 9 percent in comparison with ~~the~~ planned imports. In compiling the plan for 1948, a ^{desired} safety coefficient of 20 ^{percent} was ^{allowed} ~~counted upon~~; planned exports for 1949 amount to 47,766,000,000 crowns. ^{By allowing a desired} We also calculated ^{of} the safety coefficient ^{we} at 9 percent ^{and} reached a figure of about 43,500,000,000 crowns of imports, which we will use as a basis for our calculations.

Exports

^{the} Planned exports for 1948 ^{amounted to} was 46,421,000,000 crowns, and we assume that about 35 billion will be realized, that is, about 23 percent less; we also ^{allowed desired} assumed a safety coefficient of 25 ^{percent} which was practically ^{used up} ~~achieved~~.

In regard to considering how high the ^{desired} safety coefficient for 1949 should

be, we are of the opinion that it could be substantially reduced. ^{We are basing} ~~This~~

^{these calculations on the} ~~opinion is based on the following assumptions:~~ ^{that experience shows} that our export ^{industries} production in general ^{did} ~~has~~ not had a correct ^{attitude} relationship to the problem of exports; ^{the problems} that ~~exports~~ ^{has} remained on the periphery of the agenda of ^{the} responsible ^{authorities in the} agents of nationalized industry; ^{yes;} ~~that~~ and that ^{the industries have} ~~production has~~ not fulfilled ^{their} its obligations. The most striking proof of this is the fact that export ^{licenses} permits, which were based on concluded contracts, were not fulfilled, and that the difference between ^{the} export ^{used} permits and actual exports for 1948 ^{amounts to} is 7 billion crowns. We may therefore assume that the ^{establishment} introduction of monopoly companies and the ^{elimination} exclusion of

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the private sector from foreign trade would make it possible to reduce the ^{leeway} ~~safety coefficient~~ for export, ^{that is, to} by one-half, ~~which is~~ about 12 percent or ~~about~~ 5,500,000,000 crowns. This means that we may assume that our exports will actually amount to about 42 ^{billion} ~~000,000,000~~ crowns at the best. From this it follows that if we were to reduce imports to 42 billion, we would achieve ^{an even} ~~a favorable~~ trade balance at best: we will not, however, achieve ^{an even} ~~a favorable~~ ^{of payments,} payment balance, which will require an additional sum of about 4 ^{billion} ~~000,000,000~~ crowns.

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We are counting on the fact that we have certain reserves, that is, possibilities of export, ^[to the West] "Z" of about 1 billion in Areas VI and VII, and a reserve of about 1,000,000,000 crowns in export ^[to the USSR] "C" in Area I. Without this reserve we could not propose an even trade balance, because the slightest disruption in exports would affect the fulfillment of imports. In this connection it must be noted that although the import plan as a whole was well fulfilled, it was not fulfilled uniformly in all items, mainly for the following reasons:

- 1) The import of foods has increased, and will probably be fulfilled more than 100 percent. This has resulted in a shift at the expense of the most valuable and ~~most~~ important raw materials and investments.
- 2) Under the plan for 1948, we had to import a great amount of superfluous, unplanned goods, for commercial ^{and} political reasons.

Territorial composition of foreign trade

According to the Five-Year Plan, our export was to be distributed to the various areas as follows:

(in percentage of total import or export)

	<u>Import</u>						
Year	I.	II.	III.	IV.	V.	VI.	VII.
1948	11.8	12.3	8.8	1.6	31.9	19.1	15.3

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Year	I.	II.	III.	IV.	V.	VI.	VII.
1949	14.6	17.1	10.1	2.3	29.1	14.4	12.4
1953	14.3	17.0	10.8	3.2	27.8	14.3	12.6

Export

Year	I.	II.	III.	IV.	V.	VI.	VII.
1948	11.7	14.4	7.7	1.8	32.3	18.3	13.8
1949	16.3	16.6	9.8	2.8	30.5	13.1	10.9
1953	14.7	16.4	10.4	4.3	29.9	13.0	11.3

In contrast to this, the plan as it appears in Tables I and II indicates the following figures:

Area	Import	Export
I	19.24	17.53
II	13.77	14.96
III	8.77	9.08
IVa	1.77	2.07
IVb	1.64	2.81
V	27.05	28.24
VI	14.58	15.17
VII	13.18	10.14
	100.00	100.00

These figures indicate an improvement not only in comparison with 1948, but also in comparison with the target for 1949.

Realistic planning

We consider the plan to be realistic. In regard to imports, we have included some items which ^{we} would like to have omitted. We are at the limits of ^{our} commercial ^{and} political capacity, and have acted on ^{the assumption} optimum ^{of best possible conditions.} assumptions. In regard to exports, we have started with the assumption that an increase in actual exports from 35 billion to 42 billion crowns

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(20 percent) is the maximum of our capacity, even if we must conclude below that the export figure is too low in relation to prewar exports.

It is evident from the above discussion that in ^{the} final balance ^{of the plan} we must either increase exports or reduce imports.

In spite of the fact that an increase in the export figure would mean a simplification of planning tasks, we cannot recommend such a step; experiences from ^{last} ~~the past~~ year and from the discussion of export surpluses show that it is not possible to recommend conscientiously an increase in exports. ^{Among the planned} In ^{providing for} export, we included a number of export items ^{against} in spite of the explicit protest of ^{industries who} production, which declared that ^{they do} it does not have such large surpluses. If we lowered the ^{leeway in exports} export coefficient from last year by one-half, we ^{arrive at} consider 42 billion as the ^{realistic} optimum figure. The ^{problem} question has therefore been reduced to lowering imports to 42 billion, or by about 5 billion; ^{in effecting} ~~to achieve~~ this reduction, we must eliminate the unfavorable balance in the dollar area, which is about 1,500,000,000 in the original plan, and increase the favorable balance in Area V, which is only one-half billion. Starting from this consideration, we will analyze the individual planned items.

1) Agriculture

Apart from the relatively low figure, we see no possibility of a ^[of imports] reduction, because ^{the estimates are being maintained} ~~the estimates are being maintained~~ proportionally ^{in proportion to the planned estimates} both in imports and in exports.

2) Food

The ^{is to be found} deficit of 5 billion in our trade balance ~~must be expected~~ mainly in the food sector. In the face of reduced estimates, the ^{found} requirements of food have increased by ~~580 million~~ 3,759,000,000; on the other hand, exports ^{therefore,} has decreased by about 580,000,000 (hops, potatoes in quantity, and the reduced price of sugar). On the whole, ^{the balance deficit} the balance deficit

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of the food sector is about 4,200,000,000 ^{more} ~~more~~ than was anticipated. We are now faced with the problem as to whether it would be possible to reduce imports in the food sector so as to eliminate this deficit. It is not possible to increase exports, because it is problematical as to whether it will be 100 percent fulfilled (the export plan in agriculture was fulfilled only 48 percent in 1948).

Possibilities of savings in the food sector

We are importing 4,104,000,000 from Area I, that is, the USSR; this volume is fixed by an international agreement and cannot be changed. ^{There are practically no foreign exchange surpluses} Possibilities of ~~savings~~ in Areas II and III are ~~practically non-existent~~, ^{since} because this import consists primarily of ~~foreign credit~~ ^{such} items such as sunflower seeds, fats, meat, and feeds. The import of ~~these~~ ^{less essential} superfluous goods is ^{contingent on} connected with the import of these valuable foodstuffs and ^{on} other commercial and political considerations. The possibility of ^{reduction of imports} savings in Area IV is not taken into consideration because ^{is negligible} of the volume. ^{and} Areas V, VI, and VII remain. Apart from commercial and political considerations, it would be theoretically possible to make the following reductions:

<u>Goods</u>	V	VI	VII	Total
Cacao beans		30	70	100
Coffee			50	50
Lemons	35			35
Almonds	12			12
Rice	17	18		35
Apples	46			46
Pectin	6			6

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Goods	V	VI	VII	Total	25X1A
Fruit pulps	6	4		10	
Fruit concentrates	6	4		10	
Onions	5	5		10	
Copra			150	150	
Sunflowers	80			80	
Soy beans	8			8	
Sea Marine fish	100			100	
Dried milk	25			25	
Gut Intestines	30			30	
Preserved fish	15			15	
Volatile oils	9			9	
Oil-cakes	75			75	
Fish meal			24	24	
Total reduction	475	61	294	930	[sic]

It is estimated that ^{with} ~~in~~ surpluses it would be possible to save 200 million in Area V, 50 million in Area VI, and 200 million in Area VII, or a total of 450 million; this would reduce the food plan, that is, the deficit in food, from 4,2 ^{00,000,000} ~~billion~~ to approximately 3,7 ^{00,000,000} ~~billion~~.
^{and} From a commercial~~political~~ standpoint it will be very difficult to make this saving, particularly in Area V; even without these reductions we have ~~already~~ gone considerably below the limit which we had to take into consideration on the basis of previous experiences. At the same time it must be noted that the recently discussed increased import of feeds is not yet ^{included} ~~contained~~ in the plan of the food sector.

In conclusion, we must consider the problem as to whether the reduction of the estimates with which we are comparing import and export is correct, or what the correct figure ought to be. We could ^{calculate} ~~consider~~ these figures from several standpoints.

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Import under the food plan for ^{year} ~~10~~ years before the war amounted to approximately 18 percent of the total import, on the average. With an estimated import of 42 billion, 7,6 ^{00,000,000} ~~billion~~ would be for food (we are not counting the correction for the reduction in population).

Planned import is 11,053,000,000. The difference in import is 3,400,000,000, ^{Text partially obliterated;} ~~billion~~ and according to our calculation, the difference is 3 ^{probably 3.7b} billion. This means that from this standpoint the correctness of the reduced estimate is confirmed.

If we calculate the volume of import from the standpoint of the price index, it appears as follows: in 1937 we imported approximately 1,5 ^{00,000,000} ~~billion~~ in the planned food sector. If we multiply this figure by the price index of 467.8, ^{presumably for 4.6787} we obtain approximately 7 billion in comparison with the planned import of 11 billion. This represents a deficit of 4 billion. From whatever standpoint we calculate, the correctness of the estimates is indicated, and therefore the fact that the substance of our deficit is in the food sector.

Of all the remaining sectors, we are discussing only the metallurgical and metal^gworking sector; we have no special objections in regard to the other sectors. They appear to be completely within the compass of the estimates with smaller changes, which are not decisive and which do not change the substance of the plan.

Metallurgy and metal^gworking

In metallurgical import, the difference between the reduced estimate and the plan is 1 billion crowns. In metal^gworking, the difference is 600 million crowns, which makes a total of about 1,6 ^{00,000,000} ~~billion~~. The export of metallurgical and metal production remains at the same level as the plan. This sector has therefore increased its consumption by

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1,6 ^{60,000,000} billion crowns; if we add this item to the deficit from food, we have accounted for the total deficit.

The food deficit is caused by the bad harvest; it is not structural, because it could be quite substantially decreased by a normal harvest and efficient purchasing. The deficit in metallurgical and metal production, however, is a structural deficit. There are two reasons for this:

- 1) This sector ^{usually} converts raw materials into products for the most part over a longer time than the planned period.
- 2) The planned change in the structure of our economy requires an increase of import in this sector.

If we imported raw materials for ~~the field of~~ light industry at a constant value, we could cover the value two or three times or more by processing these raw materials; ^{of these products} this export ^{could be realized} because the textile, ~~and~~ leather, and rubber industries still have a sufficiently great ~~reserve~~ ^{unused} capacity. This type of import ^{appears} is ~~manifested~~ as increased import, but ~~at the same time it is not manifested~~ as increased export. ~~It~~ ^{It} means a relative reduction of export. ~~This~~ ^{It} also means that this export may begin to show itself in 1950 at the earliest, because of the structure of our economy and the nature of production.

We consider this fact to be ^{particularly} ~~extraordinarily~~ important, and it will be necessary to draw conclusions from it, which we will attempt to formulate.

^{The} Investments, which are planned in each sector and which amount to approximately 4 billion, belong to the same category. These investments are planned mainly from Areas V, VI, and VII. 1,562,000,000 of this is for metallurgy ^{ical} and metal production.

If we ~~should~~ compare the import of investment items before the war and after the war, we ~~would~~ arrive at the following results (of course, for the sake of precision we should compare investments of

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similar categories; failure to do this gives rise to a certain ^{inaccuracy} ~~imprecision~~:

In 1937, at a time of increased investment activity, we imported almost 1 billion crowns worth of investment items, including replacement parts for maintenance. The price index is about 2.7. If we were to calculate with an index of 3, we would obtain 3 billion as against 4,5 ^{00,000,000} ~~billion~~ in the plan for 1949. (Of this sum, 4 billion are for investments and 500 million for maintenance). An increase in imports of about 1,5 ^{00,000,000} ~~billion~~ is indicated. It must be noted here that this ~~is~~ ^{are converted into exportable products} and imports which ~~reproduces itself~~ only after several years, and emphasizes the ^{cause of} ~~reason for~~ the relative reduction of exports.

Foreign credits in the plan for 1949

The unfavorable balance of 1,492,000,000 in Area VII is striking. The second large deficit item is the first area, which is completely covered by item C. The low favorable balance of Area V is also very unsatisfactory; Area VI is absolutely ^{insufficient to cover} ~~incapable of covering~~ the deficit ⁱⁿ of the ~~payment~~ balance ^{of payments}.

Dollar area

The total import is 6,297,000,000. The principal items are as follows:

<u>Items</u>	(in millions of crowns)
Leather	1,440 ✓
Cotton	660
Copper	621
Aluminum and aluminum alloys	247
Copra	240
Tallow	177
Dyes and medicines	170
Rolled material	150 (for construction of railroad cars)

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Cacao beans	134
Wool	120
Ball bearings	100
Tanning agents	100
Coffee	96
Chemicals	70
Scrap metal	54
Lacquer solvents and softening agents	60
Lubricating oils	51
Paints	50
Iron alloys	48
Special rubber	48
Resins	45
Linseed oil	42
Artificial resins	40
Lampblack	40
Flax	30
Fish meal	24
Sisal	20
Carbide, corundum	19
Sulfur	18
Books	11
Wood for pencils	11
Machines and parts	1,147 ✓
<hr/>	
Total	6,093 [sic] (of the total import from Area VII of 6,297,000,000 crowns)

There appears to be a need for a shift to Area I, because there is no problem here of a shortage of foreign credits, which we consider

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a great danger; furthermore, in the case of a number of items, it is not certain whether we will obtain them even ^{for} ~~at the price of~~ ^[presumably because of the difficulty of obtaining] ~~[for these items]~~ foreign credits (export licenses in the USA). Therefore a shift to Area I is a question of our economic independence of the West. Non-ferrous metals are especially important in this respect. Leather is an import problem at the present time, where we deal with Argentina and Brazil, and where we are encountering extraordinary difficulties. Our supplies are at a minimum, and the fulfillment of the production plan is seriously threatened. We do not wish to deal with individual items, but it is necessary to make the following remarks ^{concerning this problem:}

The import plan for 1948 amounted to 1 billion, but only about 700 million will be fulfilled. ^{00,000,000} 1,4 ~~billion~~ has been planned for 1949, which is justified by the fact that consumption is given by the production program. At the present time, it seems very improbable that this import is practicable; and ~~it will be necessary that~~ a ^{must} special commission investigate this problem from the standpoint of the production program and the possibility of import. The import of leathers is practically possible only from South America.

In Area VI we should increase the balance by lowering imports by about 200 million; in Area V, by lowering imports by about 1 billion.

Conclusions

Before coming to a conclusion, we must consider the question as to whether ^{our} ~~our~~ imports ^{are} ~~is~~ too high or our exports too low.

In 1937 our imports amounted to about 11 billion. If we subtract foods and livestock ^{to} ~~in~~ the amount of ^{00,000,000} 1,7 ~~billion~~ from this sum, we ~~will~~ obtain a figure of ^{00,000,000} 9,3 ~~billion~~. This figure multiplied by a price index of 3.69 is about 34 billion; and if we add to this the above-calculated foods ^{to} ~~in~~ the amount of 7 billion, we obtain 41 billion.

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This imports would correspond to production in 1937. In view of the fact that production will increase 20 percent compared to 1937, and that imports (by very rough calculation) ^{are} ~~is~~ equal to 15 percent of the value of production, we must add about 15 percent of the increased production of 25 billion, which is 3.8 billion. Therefore the total imports ^{should} ~~would~~ amount to 41 plus 3.8, or 44.8 billion. ^{Planned} imports ~~are~~ ^{is} 47.4 ^{billion.} ~~billions.~~ Therefore we have a difference of 2.6 billion between planned imports and actual imports, which ^{represents} ~~is covered by~~ the ^{increased} ~~exceeded~~ import of food.

Export in 1937 was about 12 billion. The export index is 4.128; therefore exports should amount to about 48 billion. On the other hand, ^{the} planned exports ^{amount to} ~~is~~ 47.4 billion, which means that we should export 1.6 billion more than planned; furthermore, we must bear in mind that the ^{are} ~~factual~~ exports ~~is~~ only 42 billion, so that the difference is 6 billion. It must be noted that total production is increasing and the population has declined; theoretically, therefore, export surpluses should be greater, assuming ^{the same} ~~a constant~~ standard of living and ^{the same} ~~a constant~~ economic structure.

This comparison yields the following results:

In regard to raw materials, imports ^{are} ~~is~~ equal to prewar imports; in regard to foodstuffs, it is substantially higher. Exports ^{are} ~~is~~ substantially lower than before the war for the following reasons:

- 1) The continuing effect of the bad harvest;
- 2) Insufficient purchasing in the field of agriculture;
- 3) Greater demands of the domestic market;
- 4) The change in the structure of our economy, especially as a result of increased investment activity; this is apparently the principal reason.

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We have asked the following question: is it possible to eliminate the deficit in the trade balance for 1949 by reducing imports or increasing exports?

We see no possibility of increasing exports; the only possibility to would be to reduce imports. We have practically seen the possibility of reducing imports in food by 500 million; but any reduction of imports would be possible only at the expense of imports of key raw materials and the investment plan. The first and second possibilities would substantially threaten the production plan for 1949 and perhaps would slacken investment activity. It is obvious that we can take such steps only if and when all other means have been exhausted. It would result in a change in the production program and hence a radical reduction in domestic consumption (footwear, textiles).

We will build up a reserve to a certain extent by such measures as increased scrap collection, greater economy in using credit which are under foreign exchange control such by raw materials, the systematic replacement of credit raw materials with substitutes, increased purchase of agricultural products, improvement in the quality of production, and a substantial reduction in spoilage of material in production; we must not overestimate cannot value this reserve too highly, however, because it has already been taken into account in the operational plan.

We will also obtain a relatively small reserve in foreign trade itself by punctual on-time deliveries, expert packing, monopolization, and reduction of administrative expenses. It must be said, however, that any improvements measures which we ourselves can make will not substantially affect change the shape of the trade balance.

The only possibility which we see is credit operations.

The question must be raised as to whether it is proper from the standpoint of the national economy to become dependent upon orient ourselves to credit: in other words, whether credit is to remove the results of the defects

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inherent in our economy, or whether it is ^{only} to serve as an aid in
 overcoming temporary difficulties, ^{in which} We have prospects not only of
~~managing~~ ^{repaying} without credit but also of ~~paying off~~ ^{repaying} this credit [we already have].

It is evident from the analysis itself that the deficit consists
 of two parts: one part is caused by food ^{imports,} and the other arises from
 the fact that we are importing more investment items and more raw
 materials for heavy industry.

The ^{use} ~~acceptance~~ of credit to cover the deficit in the food balance
 is dangerous, and is a great burden to the national economy.

If the problem ~~of~~ food were the only ~~cause of the~~ need for credit,
 we could not recommend its ^{use} ~~acceptance~~. The main cause of the deficit,
 however, is as follows: the import of investment items to the value
 of about 1½ billion more than before the war; the import of raw
 materials for ~~investment~~ ^{or goods} production ^{to} is approximately the same amount;
 and the relative reduction of exports. We are of the opinion that
 credit is acceptable and proper from the standpoint of the national
 economy. In this connection, it is necessary to call attention to
 the following two facts:

1) Czechoslovak economy, with minimum credit and no foreign
 credit reserves whatsoever, fulfilled practically all of ~~the~~ the
 assigned tasks of the Two-Year Plan and to a considerable extent
 recovered from the effect of the catastrophic bad harvest. This is
 an ^{particularly} ~~extraordinarily~~ important fact in comparing our economy with the
 economy of other countries.

2) Actually our economy is a creditor in imports, because we pay
 in advance for the import not only of investment items but of raw
 materials as well. This sum may be conservatively estimated as at
 least 10 billion crowns. Czechoslovakia is a creditor in exports, because

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we have claims abroad for at least 5 billion. Therefore Czechoslovakia is a creditor to the extent of 15 billion, which is equivalent to about 300 million dollars.

[guaranteed loan]
Credit would mean a sort of Lombard loan ^{process} for goods in ~~motion~~; if we should propose the procurement of a loan of 10 billion, we would obtain a sum which would cover foreign credit requirements for 1949 and 1950. This sum would be covered by our claims, which we mentioned in the preceding paragraph.

We therefore propose that the import and export plan be accepted in its entirety; that an effort be made to obtain credit; and that, only in case of failure to obtain credit, new discussions be held.

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Field	Estimate Estimate	Estimate minus 7%	Plan for 1949	Difference
Agriculture	900	837	703	- 134
Food	7,844	7,294	11,053	+ 3,759
Tobacco	1,000	930	935	+ 5
Mines	2,070	1,925	1,972	+ 47
Power	330	307	329	+ 22
Metallurgy	4,400	4,092	5,057	+ 965
Metal working -working	4,860	4,520	5,117	+ 597
Chemistry	5,280	4,910	4,865	- 45
Glass	263	244	276	+ 32
Ceramics	541	503	552	+ 49
Paper	1,000	930	880	- 50
Wood	1,150	1,069	1,117	+ 48
Textiles	8,576	8,576	9,019	+ 443
Leather	2,590	2,409	3,793 [sic]	+ 134
Rubber	1,345	1,250		
Graphics	65	61	55	- 6
Film	146	136	157	+ 21
Phonographs	20	19	19	-
Construction	110	102	102	-
<u>Transportation</u>				
Railroad	117	109		
Urban railroad	4	4		
Highway	66	61	368 [sic]	- 14
Water	37	35		
Air	186	173		
Postal	83	78	77	- 1

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Field	Estimate	Estimate minus 7%	Plan for 1949	Difference
<u>Social</u>				
Health	340	316	317	+ 1
Social welfare	2	2	1	- 1
Foreign traffic	2	2	2	-
Education	15	14	9	- 5
Radio	15	14	15	+ 1
Public administration	1,100	1,023	975	- 48
<hr/>				
Total	44,457 [sic]	41,945 [sic]	47,765 [sic]	+ 5,820

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Table II

Comparison of Import
(in millions of crowns)A = 1948 plan
B = 1949 plan
C = difference

Field	Total	I	II	III	IVa	IVb	V	VI	VII
Agriculture	A 551 B 702 C + 151	246 370 + 124	6 67 + 61	69 51 - 18	1 19 + 18	- 5 + 5	128 115 - 13	21 10 - 11	80 65 - 15
Food	A 11,063 B 11,053 C - 10	1,930 4,104 + 2,174	1,897 2,288 + 391	1,816 1,929 + 113	7 22 + 15	- 6 + 6	2,961 1,542 - 1,419	720 628 - 92	1,732 524 - 1,208
Tobacco	A 1,000 B 935 C - 65	40 12 - 28	780 650 - 130	- 1 + 1	- - -	- - -	160 255 + 95	20 - - 20	- 17 + 17
Mines	A 1,325 B 1,972 C + 647	- - -	1,134 1,663 + 529	12 81 + 69	6 5 - 1	- 47 + 47	10 30 - 20	70 59 - 11	93 87 - 6
Metallurgy	A 4,522 B 5,057 C + 535	400 1,080 + 680	381 437 + 56	302 172 - 130	142 113 - 29	- 228 + 228	2,035 1,875 - 160	184 265 + 81	1,074 88 - 193
Power	A 350 B 330 C - 20	- - -	50 120 + 70	7 8 - 1	112 33 - 79	- 36 + 6	152 144 - 8	7 112 + 5	22 7 - 15

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Field		Total	I	II	III	IVa	IVb	V	VI	VII
Metal - working	A	2,983	134	277	177	106	-	1,451	346	492
Metal + artisan industry	B	5,117	512	387	483	97	131	2,117	571	819
	C	+ 2,134	+ 378	+ 110	+ 306	- 9	+ 131	+ 666	+ 225	+ 327
Chemistry	A	4,313	291	199	510	36	-	1,469	975	833
	B	4,865	397	251	663	105	156	1,913	649	731
	C	+ 552	+ 106	+ 52	+ 153	+ 69	+ 156	+ 444	- 326	- 102
Ceramics	A	503	147	29	58	68	-	116	30	55
	B	552	146	33	44	24	29	187	29	60
	C	+ 49	- 1	+ 4	- 14	- 44	+ 29	+ 71	- 1	+ 5
Glass	A	193	3	35	66	9	-	19	13	48
	B	276	12	46	62	13	16	62	35	30
	C	+ 83	+ 9	+ 11	- 4	+ 4	+ 16	+ 43	+ 22	- 18
Wood	A	704	76	53	55	11	-	377	90	42
	B	1,118	103	164	402	8	26	318	43	894
	C	+ 414	+ 27	+ 111	+ 347	- 3	+ 26	- 59	- 47	+ 1
Paper	A	689	32	127	120	6	-	362	23	11
	B	880	130	79	73	54	59	430	25	11
	C	+ 191	+ 98	- 48	- 47	+ 48	+ 59	+ 68	+ 2	+ 1
Textiles	A	7,277	1,094	152	38	30	-	2,055	3,200	704
	B	9,019	1,735	284	87	28	33	2,588	3,370	894
	C	+ 1,742	+ 641	+ 132	+ 49	- 2	+ 33	+ 533	+ 170	+ 10
Leather and rubber	A	3,343	50	120	72	4	-	753	1,549	1,080
	B	3,793	162	87	23	216	16	517	1,080	1,080
	C	+ 450	+ 112	- 33	- 49	+ 212	+ 16	- 236	- 469	+ 1,080
Graphics	A	19	-	1	2	3	-	5	6	
	B	55	-	-	9	17	1	18	5	
	C	+ 36	-	- 1	+ 7	+ 14	- 1	+ 13	- 1	+ 1

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PROPERTY

Field		Total	I	II	III	IVa	IVb	V	VI	VII
Construction	A	183	-	-	-	-	-	92	61	30
	B	102	25	-	5	-	5	32	15	20
	C	- 81 +	25	- +	5	- +	5 -	60	46	10
Transportation	A	456	-	-	6	25	-	103	170	152
	B	445	61	9	3	10	12	178	72	100
	C	- 11 +	61 +	9 -	3 -	15 +	12 +	75 -	98 -	52
Miscellaneous (artisan industry, commerce, etc.)*	A	1,331	58	43	86	73	-	718	160	193
	B	1,495	326	12	91	82	8	603	98	275
	C	+ 164 +	268 -	31 +	5 +	9 +	8 -	115 -	62 +	82
Totals	A	40,805	4,501	5,284	3,396	639	-	12,966	7,645	6,374
	B	47,766	9,185 [sic]	6,577	4,187	846	784	12,924 [sic]	6,966	6,297
	C	+ 6,961 +	4,684 +	1,293 +	791 +	207 +	784 -	42 -	679 -	77

*film, phonographs, Ministry of Health, Ministry of Education, Ministry of Social Welfare, radio, CTK (Czechoslovak News Agency), Zamini, Ministry of the Interior, Orbis books, Ministry of Internal Trade, and the Ministry of National Defense

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Table III

Comparison of Export
(in millions of crowns)A = 1948 plan
B = 1949 plan
C = difference

Field	Total	I	II	III	IVa	IVb	V	VI	VII
Agriculture	A 901 B 687 C - 214 -	135 55 80 +	140 199 59 -	262 102 160 +	20 49 29 +	- 25 25 -	263 189 74 -	21 9 12 -	60 59 1
Food	A 2,058 B 3,277 C + 1,219 +	278 545 267 -	30 25 5 +	76 182 106 -	163 52 111 +	- 27 27 +	762 1,570 808 +	323 470 147 -	426 406 20
Mines	A 2,283 B 2,520 C + 237 +	- 7 7 +	196 324 128 +	995 1,209 214 -	281 228 53 +	- 549 549 -	792 196 596 -	13 4 9 -	6 3 3
Metallurgy	A 5,395 B 5,622 C + 227 -	1,290 1,162 128 +	644 940 296 +	360 705 345 +	116 235 119 +	- 8 8 -	2,223 2,042 181 -	336 [sic] 314 52 -	396 216 180
Power	A 3 B 4 C + 1 -	- - - -	1 - 1 +	- 1 1 +	2 3 1 -	- - - -	- - - -	- - - -	- - - -
Metal - artisan industry	A - B 235 C + 235 +	- 5 5 +	- 64 64 +	- 23 23 -	- - - +	- - - +	- 69 69 +	- 47 47 +	- 27 27 -
Metal-working	A 12,718 B 12,838 C + 120 +	1,192 1,752 560 -	3,672 3,671 1 +	881 1,000 119 +	66 138 72 +	- 539 539 -	3,467 3,167 300 -	1,798 1,595 203 -	1,642 976 666

Field		Total	I	II	III	IVa	IVb	V	VI	VII
Chemistry	A	1,724	304	310	239	37	-	538	175	121
	B	1,956	314	371	248	27	22	700	140	134
	C	+ 232	+ 10	+ 61	+ 9	- 10	+ 22	+ 162	- 35	+ 13
Ceramics	A	2,003	140	247	168	61	-	539	296	552
	B	1,999	169	301	234	27	85	623	225	335
	C	- 4	+ 29	+ 54	+ 66	- 34	+ 85	+ 84	- 71	- 217
Glass	A	2,268	134	62	59	28	-	664	641	680
	B	3,027	355	43	77	43	5	937	700	867
	C	+ 759	+ 221	- 19	+ 18	+ 15	+ 5	+ 273	+ 59	+ 187
Wood	A	3,126	35	74	48	118	-	1,348	1,268	235
	B	1,819	90	64	61	34	19	784	624	143
	C	- 1,307	+ 55	- 10	+ 13	- 84	+ 19	- 564	- 644	- 92
Paper	A	1,625	63	166	146	9	-	445	474	322
	B	1,362	152	98	100	-	5	362	560	85
	C	- 263	+ 89	- 68	- 46	- 9	+ 5	- 83	+ 86	- 237
Textiles	A	6,646	470	231	325	20	-	2,509	1,968	1,123
	B	7,839	1,733	269	183	22	40	2,145	2,032	1,415
	C	+ 1,193	+ 1,263	+ 38	- 142	+ 2	+ 40	- 364	+ 64	+ 292
Leather and rubber	A	3,971	1,270	709	201	81	-	806	656	248
	B	4,019	1,955	707	173	120	6	591	440	117
	C	+ 138	+ 685	- 2	- 28	+ 39	+ 6	- 215	- 216	- 131

Field		Total	I	II	III	IVa	IVb	V	VI	VII
Graphics	A	58	1	5	3	2	-	5	33	9
	B	58	-	4	5	-	-	10	29	10
	C	-	1	1	2	2	-	5	4	1
Miscellaneous (artisan industry, commerce, etc.)*	A	1,642	9	52	80	27	-	448	384	642
	B	48	16	9	1	3	-	5	2	12
	C	1,594	7	43	79	24	-	443	382	630
Totals	A	46,421	5,321	6,539	3,843	1,031	-	14,809	8,416	6,462
	B	47,400 (inc)	8,310	7,089	4,304	981	1,330	13,390	7,191	4,805
	C	979	2,989	550	461	50	1,330	1,419	1,225	1,657
Balances in individual areas		- 366	- 875	+ 512	+ 117	+ 135	+ 546	+ 466	+ 225	- 1,492

*film, phonographs, and public administration

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